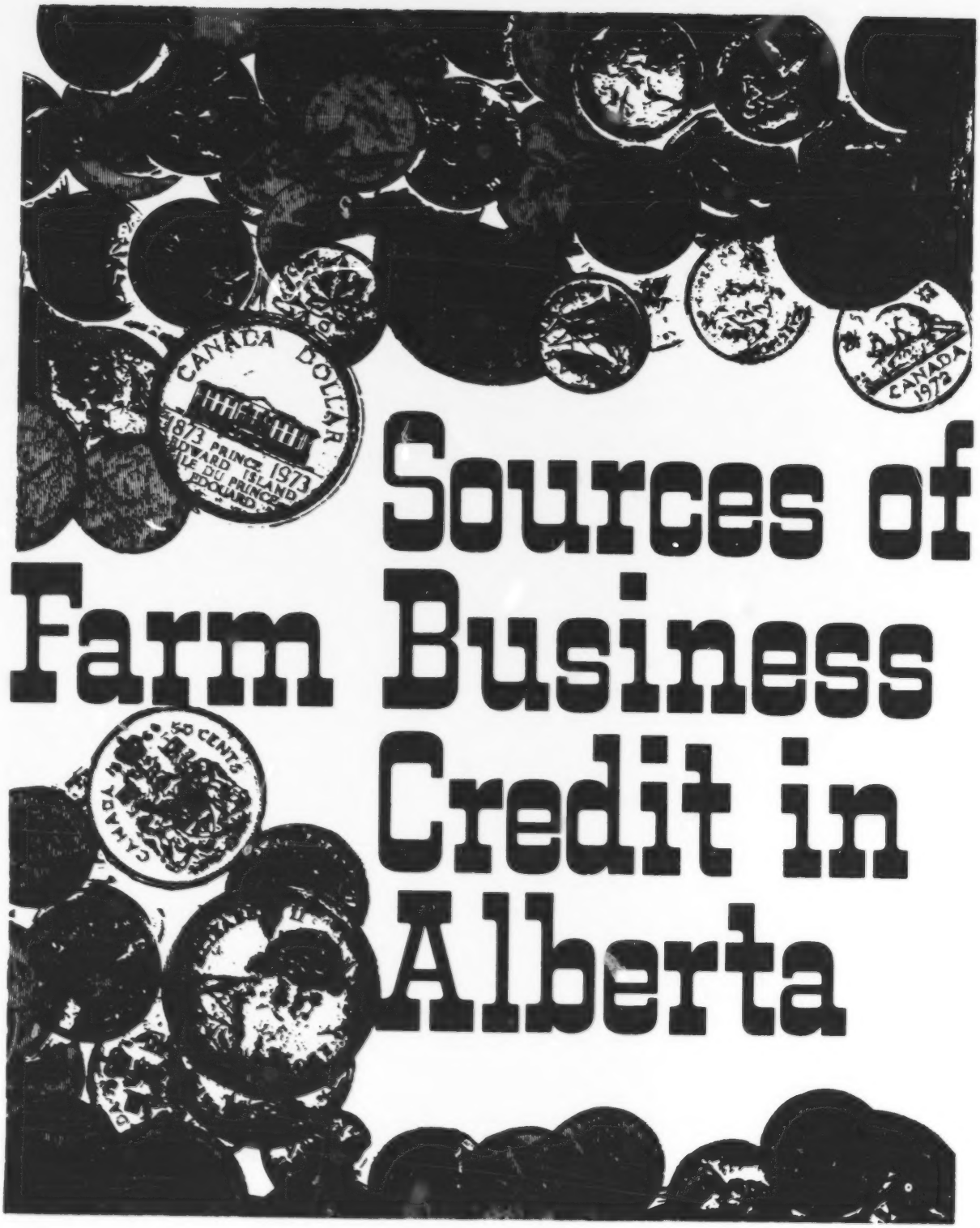

Sources of Farm Business Credit in Alberta

Alberta
AGRICULTURE

Agdex 832

Copies of this publication may be obtained from:

Print Media Branch
Alberta Agriculture
9718 - 107 Street
Edmonton, Alberta, T5K 2C8
or
Alberta Agriculture's district offices

Revised 1982 10 6 M.

SOURCES OF FARM BUSINESS CREDIT

IN

ALBERTA

Revised October, 1982.

Alberta
AGRICULTURE
Farm Business Management Branch

PREFACE

The amount of capital required to fund Alberta's agriculture industry is expanding rapidly. This expanded need is a result of several factors including:

1. Increased mechanization of production processes
2. Intensification of agricultural production through the application of new and improved technology
3. Specialization of production of farms
4. Expansion of the size of farms to take advantage of economies of scale and increases in incomes
5. Inter-generation transfers of farm assets.

This rapid increase in capital requirements of farm businesses has caused lending institutions to modify their lending policies to meet the requirements of the agricultural producer. And, in turn, with high interest rates, the producers have been required to make the most effective use of borrowed funds. As the amount of borrowed funds increases, the greater the need for the farmer to plan his business, project cash flows, and monitor the progress of the business toward achievement of planned goals.

Institutions that lend funds to farm businesses recognize this need to plan and are requesting more factual information from farm managers. When approaching a lending institution for funds the farm manager can hasten processing of his loan by presenting a net worth statement, a current income statement, a projected budget and cash flow statement. These statements readily provide the lender with some idea of the farmer's security available and his earning and repayment capacity.

This publication is designed to provide information on the sources of credit available to Alberta farmers. Because of the rapid changes that are taking place with respect to new programs, interest rates, and eligibility criteria, interested individuals should contact the agencies involved regarding any changes to these programs. It is important for the farmer to 'shop around' for credit, just as he would on any other major purchase, to get the best possible deal.

This publication is updated on a regular basis, and any ideas with respect to the content of this publication will be gratefully received.

Material for this revised publication was assembled by Dan Hilsenteger and Harry Warne, Financial Management Section, Farm Business Management Branch, Alberta Agriculture.

J. Wilson Loree, P. Ag.,
Head,
Farm Business Management Branch
Alberta Agriculture,
Olds, Alberta.

October, 1982.

TABLE OF CONTENTS

I ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION

A. FARM LOAN PROGRAMS

1. a) Direct Farm Loans - Part A 2
   b) Direct Farm Loans - Part B 3
2. Beginning Farmer Program 4
3. Disaster Assistance Loan Program 6

B. FARM LOAN GUARANTEE PROGRAMS

1. Specific Guarantee Loans 7
2. Alberta Farm Development Loan (A.F.D.L.) 8
   a) Range and Soil Improvement Program 9
   b) Sheep Producers' Incentive Program 10
   c) Vegetable and Potato Storage Program 11

C. AGRIBUSINESS LOAN PROGRAMS

1. Direct Agribusiness Loans 12
2. Guaranteed Agribusiness Loans 13

II FARM CREDIT CORPORATION

A. FARM CREDIT 15
B. SPECIAL FARM FINANCIAL ASSISTANCE PROGRAM 16
C. FARM SYNDICATES

III FEDERAL BUSINESS DEVELOPMENT BANK 18

IV CANADIAN WHEAT BOARD ADVANCE 19

V FARM IMPROVEMENT LOANS 20

VI CHARTERED BANKS, TREASURY BRANCHES AND CREDIT UNIONS

A. SHORT TERM AND INTERMEDIATE TERM FINANCING 21
B. LONG TERM FINANCING

1. Bank of British Columbia 22
2. Bank of Montreal 23
3. Bank of Nova Scotia 24
4. Canadian Imperial Bank of Commerce 25
5. The Royal Bank of Canada 26
6. Toronto-Dominion Bank 27
7. Credit Unions 28
8. Treasury Branches 29
9. Continental Bank of Canada 30

VII FEEDER ASSOCIATIONS GUARANTEE LOANS 31

VIII OTHER SOURCES OF CREDIT 32

I ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION

A. FARM LOAN PROGRAMS

1. DIRECT FARM LOANS

a) PART A

Purpose: To assist primary producers to develop and maintain viable farms by providing long term loans.

Loans may be made for purchasing farm land; making permanent improvements; constructing, altering, repairing or extending buildings; housing; consolidating outstanding liabilities; or any approved purpose related to the establishment or maintenance of a family farm unit.

Amount of Loan: Loans may be made to a maximum of $200,000 per participating farm family, with a maximum loan of $600,000 to a farm partnership or company consisting of three or more farmers or farm families.

Terms: Loans may be amortized over periods of up to 20-30 years. Loans made mainly for the purpose of financial restructuring will normally be amortized over periods of 20 years or less and will have at least semi-annual payments. Interest on loans amortized over five years will be fixed for a five-year term. The interest rate at the beginning of the loan will be at the preferred lending rate less 3%. The preferred lending rate, currently 12%, is subject to periodic review.

On renewal, the interest rate offered will reflect the Corporation's lending rate then in force, but will not be more than 1% higher or lower than the preferred lending rate at the start of the preceding term.

The primary loan documents will be written at a base rate which is presently 8% above the preferred lending rate. A loan renewal and interest reduction agreement will be also made between the Corporation and original borrower. The agreement reduces the interest payable back to the preferred lending rate (less 3% for the first five-year terms). The reason for this is that the Corporation does not wish to encourage the assumption of its loans by borrowers it has not had the opportunity to approve.

Available to: Developing farmers who derive the majority of their income from farming and who are unable to obtain funds at reasonable terms from other sources. This program is available to borrowers whose total assets, including the loan applied for is less than $450,000 and whose net worth is less than $225,000.

Apply to: An Alberta Agricultural Development Corporation District Loans Office (see page 14).

1. DIRECT FARM LOANS (continued)

b) PART B

Purpose: To assist primary producers to develop and maintain viable farms by providing long term loans.

Loans may be made for purchasing farm land; making permanent improvements; constructing, altering, repairing or extending buildings; consolidating outstanding liabilities; or any approved purpose related to the establishment or maintenance of a family farm unit.

Amount of Loan: Loans may be made to a maximum of $200,000 per participating farm family with a maximum loan of $600,000 to a farm partnership or company consisting of three or more farmers or farm families.

Terms: Loans may be amortized over periods of up to 20-30 years. Loans mainly for the purpose of financial restructuring will normally be amortized over periods of 20 years or less and will have at least semi-annual payments.

Interest on loans amortized over five years will be fixed for a five-year term. The interest rate at the commencement of the loan will be at the preferred lending rate. The preferred lending rate, currently 12%, is subject to periodic review. On renewal, the interest rate offered will reflect the Corporation's lending rate then in force, but will not be more than 1% higher or lower than during the preceding term.

The primary loan documents will be written at a base rate which is 8% above the preferred lending rate. A loan renewal and interest reduction agreement will also be made between the Corporation and the original borrower.

This agreement reduces the interest payable back to the preferred lending rate. The reason for this is that the Corporation does not wish to encourage the assumption of its loans by borrowers it has not had the opportunity to approve.

Available to: Developing farmers who are unable to obtain funds at reasonable terms from other sources and who do not qualify for a Part A Direct Loan.

Apply to: An Alberta Agricultural Development District Loans Office (see page 14).

2. BEGINNING FARMER PROGRAM

To assist potential farmers to develop a viable farming unit.
This financing may be used for land, permanent improvements (including houses and mobile homes), machinery and livestock.

NOTE: An individual who wishes to apply for a Beginning Farmer Loan is not required to approach other lenders before applying to the Agricultural Development Corporation.

Amount of Loan: Maximum loan is $200,000.

Terms: Loans may be amortized over periods of up to 30 years. Loans for machinery and livestock usually have a maximum of ten (10) years, but consideration may be given to supplying long term loans for these purposes if an analysis of the repayment ability shows this is required.

Operating funds are not available by way of a direct loan but may be obtained under the Alberta Farm Development Loan or with a specific guarantee.

Applicants may opt to phase into the Beginning Farmer Program in two stages. This will be referred to as the Staged Option. Under the Staged Option the total of the loans in the two stages may not exceed the initially determined amount the applicant is eligible to receive. Under the Staged Option, the Stage II loan must be for a minimum of $40,000. Stage II loans will be advanced at the preferred rate in effect at the time of Stage II approval. The Stage II loan applications must be submitted not later than four (4) years after approval of Stage I loan.

For applicants who wish to Stage In, the maximum amount of the Stage II loan will be established at the time of Stage I approval, taking into account the total assets and net worth of the applicant and the loan limit in effect at that time. Changes in these three items at the time of Stage II application will not affect the applicant's eligibility or previously established maximum loan amount.

The preferred interest rate, currently 12%, is subject to periodic review. Interest rates are fixed for a five year term and will be reviewed at the end of each five year period.

Effective April 1, 1981, an earned incentive calculated at 6% of the original principal balance will be paid annually for a term of five years, if the applicant complies with the terms and conditions of the loan. For a Stage II loan, the earned incentive rate in effect at the time of the Stage II approval will apply.

At the time of Stage II approval, payment of Stage I earned incentives will cease, and earned incentives will be recalculated based on the original principle balance of both loans at the appropriate rebate rates, and will be paid annually until such time as total entitlement is drawn. (Incentives previously paid or forfeited are substracted from last payment or payments). The earned incentives will be credited to the account if it is in arrears. A beginning farmer will not be eligible for an earned incentive in any given year if he sells his property and thus does not complete his farm plan.

Available to: Primary producers who have one or more years of practical farm experience, education in an agricultural related field and demonstrated management ability.

This program is available to borrowers whose total assets including loan applied for, is less than $350,000 and whose net worth is less than $175,000 (household belongings are excluded). The applicant is expected to have a 10% vested interest in the proposed farming operation. This may be of a non-cash nature.

Other Conditions:

a. The Beginning Farmer Loan Program is a once-in-a lifetime program which means that after an individual receives a loan (or loans, should he choose to "Stage In") then he is no longer eligible to apply under this program.

b. The applicant has not previously been farming a viable unit and is presently not farming a viable unit.

c. The applicant will accept counselling and training as deemed necessary by the Corporation.

d. All expenditures and extension of credit for at least three years must have the approval of the counsellor and the Corporation.

e. A recognized record-keeping system must be established and reports must be provided upon the Corporation's request.

f. Off-farm income is allowed if it does not detract from the development of the farm.

g. Detailed development plans must accompany the Stage I option.

Apply to: An Alberta Agricultural Development Corporation District Loans Office (see page 14).

3. DISASTER ASSISTANCE LOAN PROGRAM

Purpose:

The intent of this program is not to compensate for losses, but to assist primary producers who have suffered an agricultural disaster to maintain or regain reasonable viability. Where the loss of an asset is not covered by adequate insurance or other compensation Agricultural Development Corporation may provide assistance under this program.

An agricultural disaster is defined as, "an occurrence to a farm operation that is beyond the control of management and that jeopardizes the viability of the farming operation".

Loans may be used to:

- Repair or replace buildings or other permanent improvements
- Replace livestock
- Consolidate debts which are a result of the financial loss associated with an agricultural disaster.
- Provide interim financing until compensation for losses associated with an agricultural disaster are received from an insurance company or a third party that may be legally responsible for a portion of the loss.

NOTE: A condition of the loan requires that any compensation received will be used to reduce the loan.

- Any other purpose considered by A.D.C. to be directly related to an Agricultural disaster.

Amount of loan:

The assistance which may take the form of a direct loan or guaranteed loan, will be based on the applicant's need and the extent to which the loss threatens the viability of the operation. Direct loans will not exceed $200,000 but loans presently outstanding to A.D.C. will not offset this amount.

Terms:

The assistance provided under this program may take the form of:

1. A guarantee of borrowings from other financial institutions.
2. Direct loans under A.D.C.'s regular loan program with:
   a) graduated repayment schedules
   b) an adjusted interest rate that would reduce interest payable in part or in full for up to 3 years.
   c) other assistance deemed necessary by A.D.C.

Other Conditions:

As a rule the program does not cover:

- Losses due to market collapse
- Losses which can be covered by crop insurance
- Crop losses due to weather conditions
- Financial distress resulting from the breakup of a partnership or marital union
- Losses which are customarily insured against

Available to: Farmers who have suffered an agricultural disaster as described above. Applications are assessed on need and the Corporation acts as a lender of last resort.

Apply to: An Alberta Agricultural Development Corporation District Loans Office (see page 14).

B. FARM LOAN GUARANTEE PROGRAMS

The loan guarantee programs were designed by the Agricultural Development Corporation to help develop and maintain viable family farms. These programs are designed to complement the programs offered through other lenders.

1. SPECIFIC GUARANTEE LOANS

Purpose: To assist farmers in obtaining short and intermediate term financing at preferential rates. The Corporation supplies a 100% guarantee of the financing to the lender.

Funds may be used for the purchase of any agricultural assets, operating capital or debt consolidation.

Amount of Loan: Loan limits are based on the feasibility of the program with the applicant expected to have a 20% involvement in the project.

Terms: Loans are provided for up to fifteen (15) years, depending upon the purpose of the loan. Interest charged is the lender's prime lending rate plus a maximum of 1% for loans repayable in up to ten (10) years. The lender's prime rate plus a maximum of 1-1/2% for loans repayable over more than ten (10) years.

Available to: Primary producers of agricultural products who farm or intend to farm.

Apply to: The applicant applies to the Alberta Agricultural Development Corporation District Loans Office and the lender of his choice.

2. ALBERTA FARM DEVELOPMENT LOANS (A.F.D.L.)

Specialized programs which come under these regulations are outlined on the following pages, namely:

a) Range and Soil Improvement Program
b) Sheep Producers' Incentive Program
c) Vegetable and Potato Storage Program

Purpose: To assist primary producers in securing short and intermediate financing to obtain land, permanent improvements, buildings, equipment, livestock, milk quota or operating capital.

Amount of Loan: Maximum loan is $ 100,000.

Terms: Loans are made up to a maximum of fifteen (15) years depending on the purpose of the loan.

Interest charged is the lender's prime lending rate plus a maximum of 1% for loans repayable in ten (10) years or less. For loans over ten (10) years, the interest charged is the lender's prime lending rate plus a maximum of 1-1/2%.

Available to: Primary producers of agricultural products who farm or intend to farm.

Apply to: The applicant should apply to the lender of his choice. All major banks, Treasury Branches and credit unions have access to this program.

An individual who cannot secure financing from the lender of his choice due to the lender's lending policy should apply directly to the nearest Alberta Agricultural Development Corporation Office (see page 14).

If an A.F.D.L. is not available, an individual may apply for a specific Guarantee Loan at the nearest Alberta Agricultural Development Corporation office.

2.a) Range and Soil Improvement Program

Purpose: To increase farm and ranch income by assisting and promoting land improvement and development measures, so as to increase land productivity.
Eligible projects include:

a) Brushing and/or breaking previously uncultivated land for agricultural purposes.
b) Seeding pasture and haylands to suitable tame species on soils with adequate potential.
c) Purchase and application of agricultural lime or marl to reduce soil acidity (a lime requirement soil test is a prerequisite for this purpose).
d) Deep plowing (18 to 24") of solonetzic soils (prior inspection and approval by Alberta Agriculture Soil Specialist is required).
e) Brush control through mechanical or biological means.
f) Fence construction to facilitate grazing rotations and grazing utilization or to facilitate the use of additional areas by grazing animals.
g) Trails to improve animal access (in bush covered areas).
h) Poisonous plant control and range weed control.
i) Drainage where necessary to develop small depressional areas. (Approval in writing by Alberta Environment may be required).

Amount of Loan: The maximum loan is $ 100,000, however, the maximum loan eligible for incentive is $10,000 for each individual farm or ranch; for partnerships and corporations $10,000 for the first family plus $5,000 for each additional family to a maximum of $20,000. The families must be actively involved in the farming or ranching operation.

Incentive: $70 per $1,000 of the original loan amount eligible is paid over a period of five (5) years.
The total incentive paid to an applicant however, cannot exceed the actual amount of interest paid on the loan.

Terms: As per the A.F.D.L.

Other Conditions: The applicant must request payment of his incentive annually, after a complete instalment of principal and interest have been paid, by requesting the lender to complete a Lender's Report and the District Agriculturist to inspect the project. This request must be received by A.D.C. within a period of six (6) months from that particular year's anniversary date.

Available to:	All farmers or ranchers who own land in the Province of Alberta.
Apply to:	Contact your nearest District Agriculturist to determine if your project is eligible for the incentive at which time an application will be completed. Funding for the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

2. b) Sheep Producer's Incentive Program

Purpose:	To improve the productivity and viability of the sheep industry in Alberta by making financing available with special terms and conditions. Loan Funds may be used for purchasing or modification of specialized equipment required for sheep production; construction, alteration or repair of buildings used in sheep production, including feedlot facilities; construction, alteration or repair of electric page - wire, wooden or barbed wire fences and corrals; purchase of breeding stock; other purposes approved by A.D.C.
Amount of Loan:	The maximum loan is $100,000, however the maximum loan eligible for incentive is $40,000.
Incentive:	$70 per $ 1,000 of original loan amount eligible is paid annually over a period of five (5) years. The total incentive paid to an applicant however cannot exceed the actual amount of interest paid on the loan.
Terms:	As per the A.F.D.L.
Other Conditions:	Applicants may be required to participate in a study course in sheep production, accept counselling, or provide an annual farm production plan. The request for incentive must be submitted annually by the applicant, after a complete instalment of principal and interest has been paid, by requesting the lender to complete a Lender's Report and the A.D.C. Loans Officer to conduct an inspection of the project. This request must be received by A.D.C. within a period of six (6) months of that particular year's anniversary date.
Available to:	Potential or established sheep producers in Alberta.
Apply to:	Contact your nearest A.D.C. Loans Officer or Regional Sheep Specialist to determine if your project is eligible for the incentive at which time an application will be completed. Funding for the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

2.c) Vegetable and Potato Storage Program

Purpose:

To improve the productivity and viability of the vegetable industry in Alberta.

Loan funds may be used for constructing new potato and vegetable storage facilities, including ventilation, humidification and refrigeration equipment; specialized equipment for produce handling capabilities such as bin loading and unloading equipment, graders, vegetable and potato washing, waxing, grading and handling equipment, but excluding motorized mobile equipment.

Amount of Loan:

The maximum loan and the loan amount eligible for incentive is $ 100,000.

Incentive:

$70 per $ 1,000 of original loan amount eligible is paid annually for five (5) years.
The total incentive paid to an applicant however, cannot exceed the actual interest paid on the loan.

Terms:

As per A.F.D.L.

Other Conditions:

Approved applicants must request payment of the incentive annually, after the instalment of principal and interest has been paid on the loan, by having the lender complete a Lender's Report and the A.D.C. Loans Officer conduct an inspection of the project. The request for payment is to be received by A.D.C. within a period of six (6) months of that particular year's anniversary date.

Available to:

- Potato growers who are licensed by the Alberta Potato Commission.
- Vegetable growers who are members of the Alberta Fresh Vegetable Marketing Board.

Apply to:

Contact your nearest A.D.C. Loans Officer to determine if your project is eligible for the incentive at which time an application will be completed. Funding to complete the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

C. AGRIBUSINESS LOAN PROGRAMS

1. DIRECT AGRIBUSINESS LOANS

Purpose:

The objectives of this program is to assist new and existing agribusinesses increase the processing of agricultural products in Alberta, and provide necessary services to primary producers and to make rural centres more viable.

Loans are available to agricultural businesses for buildings, land, equipment and permanent improvements.

Loans for operating and debt consolidation are normally made by guaranteed loans.

Amount of Loan:

There is no maximum loan. Applicants are expected to contribute adequate equity.

Terms:

Loan amortization periods are based on the estimated productive life of the assets being financed.

Interest is fixed for each five-year term at the Corporation's preferred lending rate which is subject to periodic review. The present rate is 15%. On renewal, the interest rate offered will reflect the Corporation's lending rate then in force, but will not be more than 1% higher or lower than during the preceding term.

The primary loan documents will be written at a base rate that is 5% above the preferred lending rate. A loan renewal and interest reduction agreement will be also made between the Corporation and the original borrower. This agreement reduces the interest payable back to the preferred lending rate. The reason for this is that the Corporation does not wish to encourage the assumption of its loans by borrowers it has not had the opportunity to approve.

Available to:

Agribusiness enterprises which process, manufacture, alter, or package agricultural commodities into food or feed products and certain businesses which provide necessary services to primary producers, and which are unable to obtain reasonable cost financing from other sources, or handle a guarantee may apply for assistance under these programs.

Apply to:

An Alberta Agricultural Development Corporation District Loans Office (see page 14).

2. GUARANTEED AGRIBUSINESS LOANS

Purpose:	The objective of this program is to assist new and existing agribusinesses increase the processing of agricultural products in Alberta, and provide necessary services to primary producers. Loans are available to agricultural businesses for: buildings, land, equipment, permanent improvements and capital for operating and debt consolidation.
Amount of Loan:	No fixed limits.
Terms:	Terms are up to fifteen (15) years depending on the purpose of the loan. Interest charged is the lender's prime lending rate plus a maximum of 1% for loans under ten (10) years. For a loan repayable with a term of over ten (10) years the interest charged is the lender's prime lending rate plus a maximum of 1-1/2%.
Available to:	Agribusiness enterprises which provide a necessary service to primary producers or which process primary agricultural products and which are unable to obtain credit with reasonable terms and conditions from other sources.
Apply to:	An Alberta Agricultural Development Corporation District Loans Office (see page 14).

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
DISTRICT AND REGIONAL OFFICE LOCATIONS

Camrose Head Office	4910 - 52 Street	672-3347
	TWX	610-855-26-2
Airdrie	Bag Service No. 1	948-5101
Athabasca	Box 480	675-2252
Barrhead - Regional	Box 1540	674-3351
District	Box 850	674-3351
Brooks	Box 788	362-5551
Calgary	911 - 32 Ave. NE	261-6281
Camrose	4909C - 48 Street	672-4411
Cardston	Box 670	653-4461
Claresholm	Box 40	625-3301
Drumheller	Box 578	823-5740
Edmonton	6905 - 116 Street	427-2450
Evansburg	Box 360	727-3673
Fairview - Regional	Box 819	835-4975
District	Box 819	835-4975
Grande Prairie	202 - Provincial Building	539-2280
Hanna	Box 349	854-4451
Lacombe	Box 99	782-3301
Lethbridge	Agriculture Centre	329-5102
Medicine Hat	770 - 6 Street SW	529-3610
Olds	Box 250	556-8421
Peace River	9911 - 100 Street	624-6170
Red Deer	4920 - 51 Street	343-5326
Smoky Lake	Box 70	656-3613
Spirit River	Box 189	864-3597
Stettler	Bag Service 600	742-4481
St. Paul	Box 188	645-6212
Taber	Box 640	223-4471
Two Hills	Box 487	657-3311
Vegreville	Box 519	632-3361
Vermilion	Box 330	853-2811
Wainwright	Box 459	842-6126
Westlock	Box 429	349-4465
Wetaskiwin	5201- 50 Avenue	352-1243

II FARM CREDIT CORPORATION

A. FARM CREDIT

Purpose:

Purchase farm land, make permanent improvements, purchase breeding stock and farm equipment, pay debts, or for any purpose that will facilitate the efficient operation of the farm.

Amount of Loan:

The maximum loan to a single farm business is $300,000 when there is one qualifying applicant and $500,000 when there is more than one qualifying applicant. The appraised value of the available security is also considered.

Terms:

5 - 29 years with the terms varying depending on loan purpose, repayment ability and nature of the farm operation.

Interest rate is revised April 1st and October 1st each year. Interest as of October 1, 1982 is 15-3/4% compounded semi-annually. The interest rate charged by the Corporation is set when the the loan is made and does not change during the life of the loan. Loans may be repaid at any time without notice, but subject to penalty not exceeding three months' interest. Loans are secured by a mortgage on real estate and, where necessary, on farm livestock and equipment.

Available to:

Standard Farm Loans - Applicants must be principally occupied in farming, or about to become full-time farmers, at the time of the loan.

Beginning Farmer Loans - Beginning farmers may retain off-farm employment that is essential to develop an economic farm business, providing farming becomes their principal occupation within five years.

Other Conditions:

A number of factors must be considered by the applicant and the Farm Credit Corporation before a loan is agreed upon, i.e.

a) repayment ability
b) management ability
c) need for Farm Credit Corporation Financing
d) citizenship (must be Canadian Citizen or permanent resident)
e) Age (must be age of majority)

Apply to:

The local Farm Credit Corporation Field Office.
(See Page 17)

B. SPECIAL FARM FINANCIAL ASSISTANCE PROGRAM.

Purpose:	To assist farmers in financial difficulty.
Terms:	The program is operated with the same requirements and conditions of the regular farm credit act loans. The main difference is that borrowers are eligible for an interest rebate equal to four percentage points for up to two years. Program effective June 28, 1982 to March 31, 1984.
Available to:	Farmers who show that a special loan and the interest rebate are essential for the survival of the farm business.
Other Conditions:	Applicant must provide a plan of recovery with their application. Borrower agrees to accept FCC counselling for two years and provide information necessary to monitor farms financial recovery.
Apply to:	The local Farm Credit Corporation field office. (See page 17)

C. FARM SYNDICATES

Purpose:	To purchase mobile machinery, fixed equipment or buildings on a syndicate basis.
Amount of Loan:	Up to $15,000 per syndicate member; maximum of $ 100,000 per syndicate or 80% of actual price of machinery whichever is less.
Terms:	Interest as of October 1, 1982 is 15-3/4%. Interest rate is revised April 1st and October 1st each year. Once a loan is approved, the rate established at date of approval remains in effect for the duration of the loan.
Available to:	Any three or more individual farmers per syndicate. Principal occupation of the majority of the members must be farming.

Apply to: Local Farm Credit Corporation Field Office.

FARM CREDIT CORPORATION FIELD OFFICES ARE LOCATED IN

Athabasca	Falher	Red Water
Barrhead	Grande Prairie	Stettler
Brooks	Hanna	St. Paul
Calgary	Lacombe	Vegreville
Camrose	Lethbridge	Vermilion
Drumheller	Medicine Hat	Wainwright
Edmonton	Peace River	Westlock
Evansburg	Red Deer	Wetaskiwin
Fairview		

or, for further information contact:

Farm Credit Corporation
Continental Bank Bldg.
Suite 1550, 10250 101 Street
Edmonton, Alberta
T5J 3P4

Telephone: 420-6751

III FEDERAL BUSINESS DEVELOPMENT BANK

Purpose: Any sound Canadian business project.

Amount of Loan: No fixed limits. Financing is available by means of loans, loan guarantees, equity financing, or by any combination of these methods.

Terms: Two methods of interest payments are available, fixed or flexible. The fixed rate is established at the time of loan authorization. The minimum fixed rate on Sept.1, 1982 was 19.5% (subject to change at any time). Rates are fixed for five years.

The floating rate as at Sept. 1, 1982 was 20-1/4% based on the costs of borrowing and administration plus 1-1/4%. The rate is subject to change on the 23rd of each month.

Interest payments are required monthly, but principal payments may be varied to fit the income cycle.

A schedule of penalties is applied on loan prepayments.

Available to: The Federal Business Development Bank will consider lending to individuals whose credit requirements are not readily available from other lenders at reasonable terms and conditions.

Apply to: The nearest Federal Business Development Bank office.

FEDERAL BUSINESS DEVELOPMENT BANK OFFICES ARE LOCATED IN

Calgary	404 - 6th Avenue S.W.	T2P 0R9
Calgary South	5940 Macleod Trail S.W.	T2H 2G4
	10601 Southport Rd. S.W.	T2W 3M6
Edmonton	9830 - 102A Avenue	T5J 3A3
Edmonton South	11044 - 51 Avenue	T6H 5B4
Edmonton West	11574 - 149 Street	T5M 1W7
Grande Prairie	10135 - 101 Avenue	T8V 0Y4
Lethbridge	740 - 4 Avenue South	T1J 0N9
Medicine Hat	530 - 4 Street S.E.	T1A 0K8
Red Deer	Riverside Office Plaza 4919 59 Street.	T4N 6C9

IV CANADIAN WHEAT BOARD ADVANCE

Purpose: To provide cash to producers who are unable to deliver grain due to congestion in country elevators.

Amount of Advance: The producer's entitlement for an advance is determined on the basis of the quota acreage for wheat, oats and barley as shown in his permit book, and the quantity of threshed grain in storage on the farm and eligible for delivery to the Board.

The quota acres are multiplied by a prescribed quota factor and a value per tonne for each grain (see Schedule A) to determine the advance payment entitlement for the type of grain. Adding the entitlement for wheat, oats and barley together provides the producer with his total advance payment entitlement. Any deliveries of wheat, oats or barley made prior to the date of the advance payment that crop year and any grain undelivered under quotas which have terminated would reduce the entitlement accordingly.

Maximum advance available is $15,000 for an individual producer. Half the advance is received at the time of application at the local elevator. The other half is paid by the local elevator when the application is verified by the Canadian Wheat Board. For a corporation, partnership, colony, cooperative, or business enterprise with three or more shareholders, partners or members, the maximum advance may be increased to $45,000. Applications for such applicants must be verified by the Canadian Wheat Board before any funds are paid out.

SCHEDULE A

The Prescribed Quota Factors, Advance Payment Rates, Refund Rates and Interest Rates applicable to the 1981-82 Crop Year are indicated below:

	PRESCRIBED QUOTA FACTOR	ADVANCE PAYMENT RATE	REFUND RATE	INTEREST RATE
WHEAT	0.270	$115.00 per tonne	$115.00 per tonne	19.5%
OATS	0.230	60.00 per tonne	60.00 per tonne	19.5%
BARLEY	0.435	73.00 per tonne	73.00 per tonne	19.5%

Terms: Refund of the advance is made by deductions at the same rate per tonne used in calculating the advance when wheat, oats and barley are delivered. The advance is interest free if repaid by delivery of wheat, oats and/or barley as delivery quotas are authorized.
If the advance is refunded by cash payments of more than $500, or through delivery of other crops such as rye, flax or rapeseed, interest is charged at the prescribed rate on the amount in excess of $500 from the date of the making of the advance payment to the date of the refund.

Available to: Holders of Canadian Wheat Board permit books.

Other Conditions: An administrative fee up to $5.00 may be charged and retained by the handling company.

Apply to: Your local elevator agent.

V FARM IMPROVEMENT LOANS

Purpose:

To buy farm implements; construct, repair or alter farm homes, buildings and fences; breeding livestock (including bees and fish); additional farmland; water and sewage disposal systems; drainage and irrigation systems; and major repairs of agricultural equipment (exceeding $400).

Arrangements to finance through a Farm Improvement Loan should be made prior to the purchase of an asset.

Farm Improvement Loans cannot be used to refinance existing debts.

Amount of Loan:

Maximum loan is $100,000. The whole loan may be used for one purpose, but the maximum loan as a percent of the cost of the asset varies. For example, the maximum loan is limited to 90% of the cost of constructing and repair of buildings, purchase of additional land and cost of permanent farm improvements; and 75% of the purchase price of machinery and livestock.

Terms:

Interest rate is the lender's prime lending rate plus 1%.

Maximum loan is fifteen (15) years for land, and ten (10) years for other purposes.
Loans may be retired at any time.
Security is usually a preferential charge on the item purchased or a mortgage on the farm property.

Loans must be paid at least annually or more frequently at the discretion of the lender.

Available to:

Anyone whose principal occupation is farming and is 13 years of age or over.

Apply to:

Any chartered bank; Treasury Branch; credit union; trust, loan or insurance company designated and approved under provisions of the Farm Improvement Loans Act.

VI CHARTERED BANKS, TREASURY BRANCHES AND CREDIT UNIONS

A. SHORT TERM AND INTERMEDIATE TERM FINANCING

Purpose:	Short-term financing is provided for current operating expenses and purchase of feeder cattle. Intermediate term financing (up to ten (10) years) is provided for acquiring buildings, farm improvements, machinery, breeding stock and for debt consolidation.
Amount of Loan:	No fixed amount - depends on past records, financial position, net worth, repayment capacity management ability, etc.
Terms:	Depends on the type of loan and the lending institution. For example: operating credit is normally provided for one year while breeding stock and machinery are usually repaid over three (3) to ten (10) years. Interest rates are related to the lender's prime lending rate. Certain equipment and vehicle loans can be made utilizing the purchased asset as sole security. In many lending institutions, loans can be insured for disability and for life.
Available to:	Eligibility will depend on availability of records to show repayment capacity, management ability, net worth and other contributing factors. Normally, credit unions require the borrower to have membership in the credit union.
Apply to:	Any chartered bank, Treasury Branch or credit union.

B. LONG-TERM FINANCING

1. BANK OF BRITISH COLUMBIA

Purpose:	To finance purchase of land, buildings, major improvements, development of property and debt consolidation.
Amount of Loan:	No fixed maximum. Normal guidelines up to 75% of land values available as security and up to 90% of building projects.
Terms:	Repayment terms up to fifteen (15) years on building projects and up to twenty-five (25) years on land purchases. Interest rates are established at the time the loan is negotiated and float in relationship to the Bank's prime rate. Monthly, quarterly, semi-annual and annual payment options dependent on cash flow. No penalty for prepayments.
Available to:	Farming, ranching and primary agricultural producers able to demonstrate satisfactory management and repayment ability.
Other Conditions:	Accredited appraisal of property used for collateral mortgage security is normally a requirement. Life, dismemberment and loss of sight insurance is available as an option.
Apply to:	Any branch of the Bank of British Columbia.

2. BANK OF MONTREAL

Purpose:	To finance farm land purchase; land improvements (irrigation, drainage, etc.); construction and renovation of buildings; consolidation of existing debt.
Amount of Loan:	No fixed amount. Loans are limited to 75% of the appraised value of the property offered as security with the maximum based on the repayment capacity of the farm.
Terms:	Interest rates are negotiable with the customer and can either be a floating rate related to the Bank's prime lending rate; or a fixed rate based on current mortgage rates. Interest rates can be fixed for terms of one, two, three, or five years. Loans may be amortized over periods up to twenty-five (25) years with repayment on a monthly, quarterly, semi-annual, or annual basis. Prepayment of up to 10% of the initial principal amount allowed on each anniversary date. Security is taken by way of a demand collateral mortgage for Agri-Credit Plan loans (floating rates) or by a first mortgage for First Bank Farm Mortgage Plan (fixed rates). In certain circumstances a second mortgage may be allowed.
Available to:	All applicants in the business of farming and ranching able to provide the necessary security and demonstrate a sufficient potential repayment capacity.
Other Conditions:	Accredited appraisal on the land in question is normally required. Cost of the appraisal is borne by the borrower, as are related legal costs. Creditor insurance is available up to $600,000 per individual covering life, dismemberment, disability and in some situations, property loss.
Apply to:	A local branch of the Bank of Montreal.

3. BANK OF NOVA SCOTIA

Purpose:	To finance the purchase of agricultural land and buildings, major capital improvements, and to restructure existing debts.
Amount of Loan:	No arbitrary limit. Amount will be determined by the customer's cash flow and security.
Terms:	Interest rates are established on a floating basis with the Bank's prime lending rate. Loans are normally secured by a first mortgage on the farm real estate, however, second mortgages will be considered when the size and term of the previous first mortgage are favourable. Loans are granted with a five-year maturity and repayments normally up to 20 years. Under certain circumstances repayment periods of 25 years will be considered. Payment dates may be matched to the cash flow of the particular farming operation and as such may be on a monthly, quarterly, semi-annual or annual basis.
Available to:	Farmers who have good collateral and a proven cash flow.
Other Conditions:	Prepayment of loans from cash earnings or sale of assets is permitted at any time without payment of bonus. There are no mortgage application or mortgage insurance costs.
Apply to:	Any Scotiabank branch.

4. CANADIAN IMPERIAL BANK OF COMMERCE

Purpose:	To finance land purchase, major building and equipment expenditure and land development.
Amount of Loan:	Normal maximum is $500,000 but each application is considered separately.
Terms:	a) 25 years Interest rates float in relationship to the prime rate. Amortized payments. b) 25 years Interest rate is established at the time the loan is negotiated and is fixed for a term of up to five (5) years with new fixed interest rate established at the time of renewal. Amortized payments.
Available to:	Well established farm unit with proven record of success over a number of years. Eligibility will depend on availability of records to show repayment capacity, management ability, net worth and other contributing factors.
Other Conditions:	Accredited appraisal on land in question is normally required. Cost of the appraisal is borne by the borrower. Life insurance is available up to $500,000 per individual.
Apply to:	A local branch of the Canadian Imperial Bank of Commerce.

5. THE ROYAL BANK OF CANADA

Purpose:

Royfarm mortgage loans are available for the purchase of land, buildings, major permanent improvements to property, machinery and equipment and, where appropriate, for debt consolidation.

Amount of Loan:

Loans vary upwards from a minimum of $50,000 to a maximum of $ 2 million. The size of mortgage loan will depend on the purpose for which funds are being sought, shareholders and owners equity, net worth of the business, historical earning power, projected earning power and repayment capacity, management ability of the operator and security available to protect advances.

Loans are available for up to 75% of the appraised fair market value of land available for security.

Terms:

The Royfarm Mortgage Program offers both fixed interest rate mortgage loans where the rate is negotiated and fixed for either a one or three year period at the time the loan is granted, or, floating interest rate mortgate loans. The rate on floating interest mortgages is negotiated on a prime plus basis but monthly, quarterly, semi-annually or annual payments are fixed for periods of one or 3 years with appropriate adjustments being made at the end of each period.

Loans are amortized for periods from ten to twenty-five years with monthly, quarterly, semi-annual and annual repayment options.

A prepayment of 10% may be made on each anniversary date without penalty.

Available to:

Farmers who can demonstrate satisfactory evidence of management and repayment ability.

Other Conditions:

All property required for mortgage security will be appraised by a qualified rural appraiser appointed by the Bank after a credit application has been authorized. The borrower pays a negotiation fee of $250 for the mortgage and the bank pays the cost of the appraisal. Life insurance is available.

Apply to:

Any branch of the Royal Bank of Canada.

6. TORONTO-DOMINION BANK

Purpose:	To finance farm land purchases; construction or renovation of major buildings; improvements to land such as clearing, breaking, irrigation or drainage; and debt consolidation.
Amount of Loan:	Loans normally vary from a minimum of $25,000. The maximum loan available will be based on 70% of the value of real estate offered as security. No loan shall exceed the estimated debt servicing capacity of the business.
Terms:	Interest rates may be floating or fixed. With floating rate loans the interest rate floats in relationship to the Bank's prime lending rate. With fixed rate loans the interest rate is established at the time the loan is negotiated and fixed for a term of up to three years. Loans may be amortized over 15, 20 or 25 years. Repayments may be on a monthly or annual basis depending upon the cash flow of the business. In some cases, second mortgage security may be acceptable depending upon the size and terms of the existing first mortgage.
Available to:	Commercial agricultural producers.
Other Conditions:	No front end service fee. Life insurance to a maximum of $500,000 is available. Appraisals negotiable. Prepayment privileges of up to 10% of the original loan on the anniversary date of the loan.
Apply to:	A branch of The Toronto-Dominion Bank.

7. CREDIT UNIONS

Purpose:	To finance land purchase, construction of new homes and other farm buildings; and expenditures for other permanent farm improvements.
Amount of Loan:	No fixed amount. Depends on past records, security available, and repayment capacity.
Terms:	Interest rates float in relation to the local credit union's prime lending rate. Loans are normally secured with a first mortgage and amortized for periods up to 25 years. Interest rates may be fixed for three-year periods and renegotiated at the end of each period; or may float with the local credit union's prime lending rate.
Available to:	Bona fide farmers who are members of the credit union.
Other Conditions:	There are no acquisition fees or prepayment penalties on the loans.
Apply to:	The local credit union.

8. TREASURY BRANCHES

Type of Loans:		(A) Agri-Plan (B) Agri-Term
Purpose: (A) & (B)		To finance farm land purchases, construction, repair and renovation of buildings and major improvements to existing land.
Amount of Loan:	(A)	Loans are limited to 75% of the security pledged.
	(B)	Minimum of $50,000, maximum of $250,000 limited to 75% of the security pledged.
Terms:	(A)	Interest rate fluctuates with the Treasury Branch prime lending rate. Loans secured with a first mortgage are amortized over twenty (20) years while loans secured with a second mortgage are amortized over ten (10) years.
	(B)	Interest rate is fixed for one, two, or three year terms with annual, semi-annual or monthly payments amortized for periods up to 25 years. Loans are renewable upon expiry of the one, two, or three year term, at the interest rate in effect at date of renewal.
Available to:	(A) & (B)	All farmers and ranchers whose livelihood is farming and who are residents of Alberta, are capable of providing the required security and demonstrate the potential of sufficient repayment ability.
Other Conditions:	(A)	- The applicant's 25% participation of the total funds expended can either be by cash injection or in value of land pledged as security. - No interest penalty on prepayments, which can be made at any time. - Life insurance coverage up to $200,000 is optional. - No application or commitment fees. - Legal and appraisal fees, if any, are charged to the borrower.
	(B)	- The applicant's 25% participation of the total funds expended can either be by cash injection or in value of land pledged as security. - Partial prepayments permitted only at regular payment due date or within 30 days after due date. - No interest penalty on prepayments. - Legal and appraisal fees are charged to the borrower. - Life insurance coverage up to $200,000 is optional. - No application or commitment fees.
Apply to:		Local branch of the Treasury Branches.

9. CONTINENTAL BANK OF CANADA

Purpose:	Purchase land, buildings, major improvements, development of property (tile drainage) and debt consolidation.
Amount:	No fixed maximum. Normal guidelines of up to 75% of appraised land values available as security. First or second mortgages.
Terms:	Up to 25 years amortized with maximum term of 5 years. Interest rates based on a spread over prime with flexible repayment (monthly, quarterly, semi-annual, annually) depending upon timing of cash flow - interest payable monthly.
Availability:	Clients whose primary income source is an agricultural operation. Must demonstrate satisfactory management and ability to repay.
Other conditions:	Appraisal cost borne by applicant.
Security:	Section 178, collateral mortgage, disability and life insurance usually required especially if a family operation.
Apply to:	Any branch of the Continental Bank of Canada.

VII FEEDER ASSOCIATIONS GUARANTEE LOANS

Purpose:	Funds are provided for the purchase of feeder cattle and lambs. The use of funds for the purchase of livestock for breeding purposes is strictly forbidden.
Amount of Loan:	A local incorporated association receives application for livestock from its members and may approve loans up to $20,000 for new members and up to a maximum of $50,000 for experienced members.
Terms:	Deposits of $50 for every $1,000 borrowed are placed in trust with the association. Interest rate to the member is based on the rate the association is able to obtain funds from the bank, which is usually close to the bank's prime lending rate. The association will add additional charges to cover administration costs.
Available to:	Farmer members of local feeder association.
Apply to:	The local feeder association. Further information is also available from your local district agriculturist.

VIII OTHER SOURCES OF CREDIT

Every attempt has been made to tabulate all the lending programs developed to meet the needs of farm businesses in Alberta.

Some banks; trust, mortgage and insurance companies and other agencies provide credit to farmers and agribusinesses in certain situations, but do not have defined programs specifically to serve agricultural businesses in Alberta.

If the programs previously outlined do not meet your specific needs, investigation of these sources may be worthwhile. A number of private agricultural consulting firms have at times made use of these lenders for specific clients.